

FRIENDS MEETING OF WASHINGTON

FINANCIAL STATEMENTS AND
ACCOUNTANT'S REVIEW REPORT

JUNE 30, 2011 (REVIEWED)
AND JUNE 30, 2010 (AUDITED)

STANFIELD & PHILLIPS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
FRIENDS MEETING OF WASHINGTON

We have reviewed the accompanying statement of financial position of Friends Meeting of Washington (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The prior year summarized comparative information has been derived from Friends Meeting of Washington's 2010 financial statements and, in our report dated August 18, 2010, we expressed an unqualified opinion on those financial statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report. Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information for the year ended June 30, 2011 included in the accompanying Schedule of Shoebox Fund Activity is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

The financial statements for the year ended June 30, 2010, were audited by us, and we expressed an unqualified opinion on them in our report dated August 18, 2010. In addition, the supplementary information for the year ended June 30, 2010, contained in the Schedule of Shoebox Fund Activity, was subjected to the auditing procedures applied in the audit of the basic financial statements, and our report stated that it was fairly stated in all material respects to the basic financial statements taken as a whole. We have not performed any auditing procedures on either the financial statements or on the supplementary information since August 18, 2010.


Rockville, Maryland
August 29, 2011

FRIENDS MEETING OF WASHINGTON
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2011 (REVIEWED) AND 2010 (AUDITED)

ASSETS		
	2011	2010
Cash and cash equivalents	\$ 153,272	\$ 227,638
Accounts receivable	77	2,920
Prepaid expenses	12,969	13,804
Investments (NOTES 3 and 4)	1,740,731	1,427,171
Antique collection	12,800	12,800
Land, buildings and equipment, net of depreciation (NOTE 5)	542,696	523,888
TOTAL ASSETS	\$ 2,462,545	\$ 2,208,221
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 17,101	\$ 27,351
Deposits held	6,180	20
Deferred income	-	1,884
Total liabilities	23,281	29,255
NET ASSETS		
Unrestricted		
Meeting designated (NOTE 6)	456,518	423,054
Net investment in plant	555,497	536,688
Endowment earnings	852,824	702,242
Undesignated	178,082	97,780
Total unrestricted	2,042,921	1,759,764
Temporarily restricted (NOTE 7)	94,421	117,280
Permanently restricted	301,922	301,922
Total net assets	2,439,264	2,178,966
TOTAL LIABILITIES AND NET ASSETS	\$ 2,462,545	\$ 2,208,221

See accompanying notes and accountant's review report.

FRIENDS MEETING OF WASHINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011 (REVIEWED) WITH COMPARABLE TOTALS FOR 2010 (AUDITED)

	2011			Total	2010 Total
	Unrestricted	Temporarily restricted	Permanently restricted		
REVENUES AND SUPPORT					
Contributions	\$ 237,717	\$ 60,706	\$ -	\$ 298,423	\$ 338,842
Bequests and memorials	1,545	-	-	1,545	3,477
Use of facilities	71,636	-	-	71,636	43,799
Literature and projects sales	1,377	1,546	-	2,923	3,886
Interest and dividend income	81,017	-	-	81,017	91,197
Net realized and unrealized gains on investments	213,565	-	-	213,565	85,232
Other	1,109	-	-	1,109	820
Total revenue and support	<u>607,966</u>	<u>62,252</u>	<u>-</u>	<u>670,218</u>	<u>567,252</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>85,111</u>	<u>(85,111)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS	<u>\$ 693,077</u>	<u>\$ (22,859)</u>	<u>\$ -</u>	<u>\$ 670,218</u>	<u>\$ 567,252</u>

See accompanying notes and accountant's review report.

FRIENDS MEETING OF WASHINGTON
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2011 (REVIEWED) WITH COMPARABLE TOTALS FOR 2010 (AUDITED)

	2011			Total	2010 Total
	Unrestricted	Temporarily restricted	Permanently restricted		
Expenses					
Personnel and consultants	\$ 119,342	\$ -	\$ -	\$ 119,342	\$ 151,147
Program costs	103,289	-	-	103,289	87,963
Site costs	82,257	-	-	82,257	93,091
Office expenses	10,644	-	-	10,644	12,095
Apportionment	59,785	-	-	59,785	57,635
Depreciation	30,624	-	-	30,624	30,111
Other expenses	3,979	-	-	3,979	3,498
Total expenses	<u>409,920</u>	<u>-</u>	<u>-</u>	<u>409,920</u>	<u>435,540</u>
CHANGE IN NET ASSETS	283,157	(22,859)	-	260,298	131,712
NET ASSETS, beginning of year	<u>1,759,764</u>	<u>117,280</u>	<u>301,922</u>	<u>2,178,966</u>	<u>2,047,254</u>
NET ASSETS, end of year	<u>\$ 2,042,921</u>	<u>\$ 94,421</u>	<u>\$ 301,922</u>	<u>\$ 2,439,264</u>	<u>\$ 2,178,966</u>

See accompanying notes and accountant's review report.

FRIENDS MEETING OF WASHINGTON
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 (REVIEWED) AND 2010 (AUDITED)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 260,298	\$ 131,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	30,624	30,111
Net unrealized investment (gain)	(213,565)	(84,535)
(Increase) decrease in assets:		
Accounts receivable	2,843	(2,420)
Prepaid expenses and other current assets	835	855
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(10,250)	(6,402)
Deposits held	6,160	(500)
Deferred revenue	(1,884)	1,384
Agency funds	-	(1,194)
	<u>75,061</u>	<u>69,011</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(100,000)	-
Sale of securities	5	-
Purchases of fixed assets	(49,432)	(44,124)
	<u>(149,427)</u>	<u>(44,124)</u>
CASH USED FOR INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	(74,366)	24,887
CASH AT BEGINNING OF YEAR	<u>227,638</u>	<u>202,751</u>
CASH AT END OF YEAR	<u>\$ 153,272</u>	<u>\$ 227,638</u>

See accompanying notes and accountant's review report.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 (REVIEWED) AND JUNE 30, 2010 (AUDITED)

1. ORGANIZATION AND PURPOSE

The Friends Meeting of Washington is a non-profit corporation organized in Washington, D.C. on June 20, 1930. The Meeting was established to provide a place of worship for all people.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Meeting have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

The Meeting reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Meeting reports expenses as a decrease in unrestricted net assets whether they are incurred to satisfy a donor's restrictions or not.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The term cash as used in the accompanying financial statements includes currency on hand, demand deposits, and highly liquid investments purchased with Financial Institutions with a maturity of three months or less. Balances in bank accounts rarely exceed \$250,000, which is the maximum amount covered by federal depository insurance. The Meeting does not consider this to be a significant concentration of credit risk.

Antique Collection

An antique collection in the amount of \$12,800 was recorded June 30, 1981 at the approximate fair market value. The collection is not subject to depreciation.

Investments

Investments are recorded at fair market value. Unrealized gains and losses are included in the Statements of Activities.

Land, Buildings and Equipment

Land, buildings and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Additions of \$2,500 or more are generally capitalized.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 (REVIEWED) AND JUNE 30, 2010 (AUDITED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Contributed Services

The Meeting receives a substantial amount of services donated by its members in carrying out the Meeting's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50 Contributed Services.

Income Taxes

The Meeting is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) on any net income derived from activities related to its exempt purpose and is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for federal income taxes has been made.

Comparative Information

The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Meeting's financial statement for the year ended June 30, 2010, from which the summarized information was derived.

3. INVESTMENTS

Investments are carried at fair market value and are comprised of funds in managed amounts through the Friends Fiduciary Corporation, a nonprofit corporation. Participation in the funds is represented by units which are valued quarterly, at which time new participations and withdrawals are recorded. Cash paid out or received prior to these dates is adjusted by the appropriate interest charge or credit.

Endowment funds are maintained at historic dollar cost, and spending is limited to the earnings on the original principal.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 (REVIEWED) AND JUNE 30, 2010 (AUDITED)

4. FAIR VALUE MEASUREMENTS

The Meeting uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with FASB ASC 820-10-50, the Meeting has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Meeting has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents the Meeting’s fair value hierarchy for those assets and liabilities measured at fair value on a non-recurring basis as of June 30:

	<u>Level 1</u>	<u>2011</u> <u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	-	-	<u>\$ 1,740,731</u>	<u>\$ 1,740,731</u>
	<u>Level 1</u>	<u>2010</u> <u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	-	-	<u>\$ 1,427,171</u>	<u>\$ 1,427,171</u>

5. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 231,888	\$ 231,888
Buildings and improvements	862,286	851,362
Construction in progress	100,684	89,166
Furniture and equipment	<u>19,357</u>	<u>19,357</u>
	1,214,215	1,191,773
Less: Accumulated depreciation	<u>(671,519)</u>	<u>(667,885)</u>
	<u>\$ 542,696</u>	<u>\$ 523,888</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$30,624 and \$30,111, respectively.

FRIENDS MEETING OF WASHINGTON
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011 (REVIEWED) AND JUNE 30, 2010 (AUDITED)

6. DESIGNATED UNRESTRICTED NET ASSETS

The Meeting designated a portion of unrestricted net assets for various purposes which are summarized as follows:

	2011	2010
Property Reserve	\$ 118,349	\$ 123,438
Trustees' Reserve	338,156	299,501
Fair Trade Coffee	13	115
	\$ 456,518	\$ 423,054

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2011	2010
Personal Aid	\$ 13,162	\$ 11,802
Fund for Sufferings	3,545	3,545
Senior Center	6,432	6,432
Shoebox Fund	38,275	58,792
Financial Aid	25,304	27,969
Hlekweni Fund	5,502	7,021
Miscellaneous	2,201	1,719
	\$ 94,421	\$ 117,280

8. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities are summarized on a functional basis herein. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

	2011	2010
Program Expenses	\$ 327,426	\$ 333,617
General and administrative expenses	71,116	86,760
Fundraising expenses	11,378	15,163
Total expenses	\$ 409,920	\$ 435,540

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 (REVIEWED) AND JUNE 30, 2010 (AUDITED)

9. RETIREMENT PLAN

The Meeting has a defined contribution plan that covers all full-time or part time permanent employees. Eligible employees may contribute to the plan immediately, and the Meeting makes a matching contribution of up to 5% of the eligible employees' salary after a one year waiting period. The Meeting's cost was \$2,803 and \$2,947 for years ended June 30, 2011 and 2010, respectively.

10. SUBSEQUENT EVENTS

In accordance with FASB ASC 855, the Meeting evaluated subsequent events through August 29, 2011, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

FRIENDS MEETING OF WASHINGTON
SCHEDULES OF SHOEBOX FUND ACTIVITY
FOR THE YEARS ENDED JUNE 30, 2011 (REVIEWED) AND 2010 (AUDITED)

	Temporarily Restricted	
	2011	2010
REVENUES AND SUPPORT		
Restricted contributions	\$ 19,181	\$ 34,386
RELEASES		
Releases for program expenditures	(39,698)	(39,618)
CHANGE IN NET ASSETS	(20,517)	(5,232)
NET ASSETS, beginning of year	58,792	64,024
NET ASSETS, end of year	\$ 38,275	\$ 58,792

See accountant's review report on supplementary information.